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TAGS: [PGOV](#) [PHUM](#) [PINR](#) [PREL](#) [HK](#) [CH](#)
SUBJECT: CHIEF EXECUTIVE DONALD TSANG AND THE DAB: CORE
PARTNERSHIP

REF: HONG KONG 943

Classified By: E/P Chief Simon Schuchat. Reasons: 1.4(b,d).

11. (C) Summary: Since his early March return from the National People's Congress (NPC) annual meeting in Beijing, Chief Executive (CE) Donald Tsang has drawn closer to Hong Kong's leading pro-Beijing political party, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB). Beginning in mid-March, Tsang made several high profile overtures to the DAB, leading to the April 4 announcement of the Government's "core partnership" with the DAB. DAB Chairman Ma Lik acknowledged that Beijing had prodded both sides to see the benefits of a closer alliance, adding that the failure of his political reform package in December had impressed upon Tsang the importance of a closer partnership with pro-Government parties. Many analysts cynically have noted that Tsang needed the DAB's support for the Government's plan to construct a new headquarters at Tamar, which he only secured after announcing the "core partnership." The Government's partnership with the DAB apparently has inspired a competitive response from Hong Kong's other pro-government party, the Liberal Party (LP): LP Chairman James Tien reportedly observed that his party and the Government shared a similar philosophy and therefore had a closer relationship with the Government than the DAB. End Summary.

Tsang Seeks Closer Ties with DAB

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12. (C) Since Chief Executive (CE) Donald Tsang's return in early March from the National People's Congress (NPC) annual meeting in Beijing, where mainland leaders reportedly reaffirmed their full support for him, Tsang has drawn closer to Hong Kong's largest pro-Beijing party, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB). In sharp contrast to speculation in late February that the DAB had spearheaded an "anti-Donald Tsang" campaign, in recent weeks the CE and the DAB have gone out of their way to proclaim their "core partnership" (Ref A).

13. (C) In response to the defeat by pro-democracy legislators of his constitutional reform proposals last December, Tsang stated his intention to focus on economic and "livelihood" issues for the remainder of his current term, and also reassess the Government's relationship with Hong Kong's various political parties. Beginning in mid-March, Tsang has made clear that this meant strengthening the administration's ties with the generally pro-Government DAB. Tsang made his first overture to the DAB on March 19, attending the opening ceremony of former DAB Chairman Jasper Tsang's new district

office along with nine of his policy secretaries. Next, during an April 3 interview with the "Oriental Daily News," Tsang rank-ordered his relationship with Hong Kong's

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political parties, saying he had a better relationship with the DAB than the Democratic Party (DP) and a better relationship with the Liberal Party (LP) than the Civic Party (CP). On April 4, the Chief Executive and John Tsang, Director of the CE's Office, took the unusual step of accepting an invitation from the DAB to attend their Central Committee meeting, during which CE Tsang emphasized the importance of developing a long-term "core partnership" between the DAB and the Government.

14. (C) Following on the heels of the CE's appearance at the DAB meeting, Chief Secretary Rafael Hui and Secretary for Constitutional Affairs Stephen Lam participated in the DAB's policy retreat in Dongguan from April 8-9. There, DAB Chairman Ma Lik told the press that the party had formed a consensus on two guiding principles: the party would actively monitor government policies, and it would strengthen its cooperation with the Government. The appearances of senior level officials at DAB events have sparked discussion about the motives surrounding this close alliance between the DAB and the Government.

Building Trust (With a Little Push From Beijing)

15. (C) Since his accession to CE last year, Hong Kong's traditional leftists have been suspicious of Tsang due to his career in the British colonial administration. In February, however, relations between the DAB and Tsang fell to an all-time low following the CE's appointment of two democrats who had been sharply critical of pro-Beijing individuals to relatively important positions in his administration. DAB members viewed the appointments as particularly insensitive

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to their concerns and a provocation by the Government.

16. (C) Since the NPC meeting in mid-March, however, there has been a sea change in attitude. On April 13, Ma told "The Standard" that the DAB "underwent a period of overcoming our prejudice to trust someone from a different background." He did not deny the party's rocky relationship with the Government, but told the "Hong Kong Economic Journal" that there had been a lack of mutual trust in the past. According to Ma, following the failure of the constitutional reform package, Tsang now understood the importance of seeking a closer partnership with pro-Government parties.

17. (C) Ma acknowledged that this "core partnership" was helped along by the Central Government: "It is no secret that this line-up was stitched against the background of Beijing's strong directive." Mainland leaders told Tsang to "distinguish between friend and foe" said Ma, who added that "Tsang was told to rely on the like-minded 35 lawmakers who voted for the political reform."

A Pragmatic Alliance?

18. (C) Many analysts believe Tsang's proclamation of a core partnership with the DAB also had a pragmatic impetus -- the Government's plan to construct a new headquarters at Tamar in the Central district. Last year, Tsang revived the Tamar plan, previously shelved due to deficit problems and the 2003 SARS crisis. He maintained that the project would raise administrative efficiency and create 2,700 construction sector jobs. However, support from the political parties -- which the Government needed to fund the project -- was, at best, lukewarm: the LP and the Alliance were supportive, while the DP expressed reservations about the estimated size of the building but hinted it would vote in favor. The CP

opposed on environmental grounds and requested a new environmental impact survey, which the Government was not willing to undertake. To the surprise of many, however, the loudest protests came from the pro-Government DAB, which argued that the new headquarters should be built on the old Kai Tak airport site to help spur urban renewal in East Kowloon. The DAB also pointed out that the Tamar site was one of Hong Kong's choicest, most expensive, pieces of harbor-front real estate.

¶9. (C) Soon after Tsang's participation at the DAB's Central Committee meeting on April 4, when he personally lobbied the party for their support on the Tamar project, the DAB reversed its position and came out in support of the project.

On April 7, the DAB voted with the LP, DP and the Alliance to pass the government's proposal to fund a civil service post to oversee the Tamar project. At the same time, however, Legco Finance Committee members warned the Government that this was only the first step to obtain complete funding for the project. The DAB and the DP said there was no guarantee that they would support funding for the full project in the expected June vote. Perhaps in a bid to secure future legislative support for the Tamar project, on April 19 the Government released scaled-back plans for Tamar that included a ten percent reduction in the size of the building, and it also released other development plans to generate economic growth in East Kowloon. (Note: Of note in the Government's release of documents on Tamar was the inclusion of plans for a new Legislative Council (Legco) Complex to accommodate up to 120 Legco members. Currently, the Legco has sixty members. End Note.)

¶10. (C) Christine Loh, Chief Executive Officer of the local think-tank Civic Exchange, observed in a March newsletter that initially many analysts could not understand why Tsang had invested so much political capital in building the Government headquarters at Tamar. Even without the DAB's support, the Government might have been able to get the Tamar project passed with the support from the DP. Perhaps remembering the democrats' role in the defeat of the reform package, Tsang appeared determined to gain the support of the DAB, even if that included some concessions on development of East Kowloon. Loh opined that Tsang's insistence on building Tamar might be linked to his theme of strong governance, first introduced to the Hong Kong public in his October 2005 policy speech. At the time, Tsang had cited three projects that he wanted to see through during his two year term: the passage of the constitutional reform package, the construction of the West Kowloon Cultural District, and the development of the new Government headquarters at Tamar. With the failure of the reform package and a significant rethink and delay of the West Kowloon Cultural District

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project, announced in late February, some observers believe that he was unwilling to "lose" the Tamar project as well.

Not Just a Rubber Stamp

¶11. (C) On April 11, Jasper Tsang, former DAB Chairman, explained to the Consul General that the Government sometimes took support of the pro-Government parties' for granted. He complained of a lack of consultation at the early stages of policy formulation. Tsang also emphasized that, although the two now had a partnership, this did not mean that the DAB would be a rubber stamp. Maria Tam, DAB Vice Chairman, added that it was a myth that there was a pact between the Government and the DAB. The DAB intended to cooperate with the Government, within reason, and also would monitor the Government's actions at the appropriate times.

Reaction from Hong Kong's Other Parties

¶12. (C) The Government's overtures to the DAB have inspired a

competitive response from Hong Kong's "other" pro-Government party, the Liberal Party. James Tien, LP Chairman, told the media on April 14 that the LP and the Government shared a similar government philosophy and therefore had a closer relationship than that shared by the DAB and the Government. He added, "Our relationship is much closer. As they (DAB) don't share the same vision and philosophy, their relationship is not profound." Tien also revealed that he had held monthly talks with the CE on various issues since October. The response from the democrats has been more predictable: on April 22, pro-democracy legislator Lee Cheuk-yan sarcastically characterized the alliance between the DAB and the Government as "rather than doing it in the dark, they should get married properly." Perhaps in reference to the DAB's U-turn on the Tamar issue, CP legislator Ronny Tong said, "The late night visit of Donald Tsang to the DAB headquarters made many people (suspect)

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there were under-the table dealings."
Cunningham